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Department of State TELEGRAM

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DEPARTMENT OF ~~STATE~~ A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
PORTIONS DENIED AS INDICATED

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87/47
ACTION AF-18

INFO OCT-01 AID-28 E-15 COM-08 INT-06 TRSY-11 CIAE-00
DODE-00 INR-07 NSAE-00 P-03 RSC-01 USIA-12 PRS-01
SS-20 NSC-10 L-04 H-02 EUR-20 RSR-01 /168 W
043921

R 170736Z AUG 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6745
INFO USINT ALGIERS
AMEMBASSY BENGHAZI

C O N F I D E N T I A L TRIPOLI 1945

C O R R E C T E D C O P Y

SUBJ: LIBYANIZATION OF OIL SERVICE INDUSTRY

REF: TRIPOLI 1779 AND PREVIOUS

PASS COMMERCE

1. [redacted] B4

2. [redacted] B4

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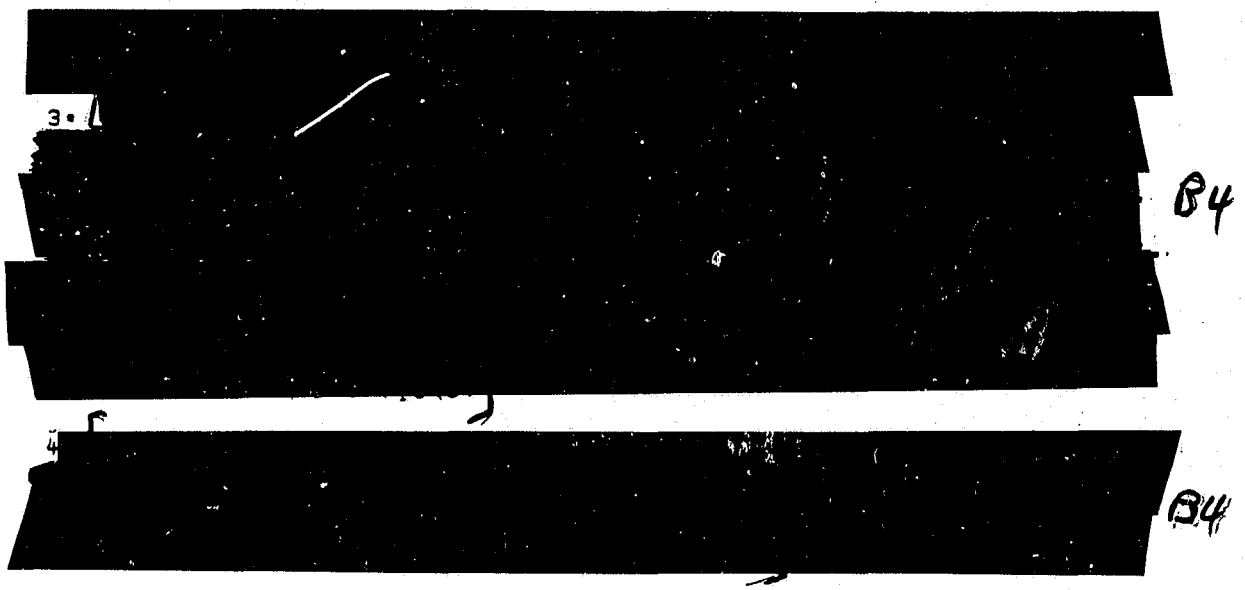

5. COMMENT: TINY CADRE OF LARG OIL ADMINISTRATORS AND TECHNICIANS IS BEING TAXED WELL BEYOND ITS CAPACITY. NEGOTIATOONS WITH OIL INDUSTRY ON POSTED PRICE AND WITH INDIVIDUAL COMPANIES ON GAS EXPORTS, OIL PRODUCTION LEVELS AND LABOR PRACTICES WERE ALREADY HEAVY BURDEN SEVERAL MONTHS AGO. PRESENT AMBITIOUS PLANS FOR NATIONAL OIL OPERATIONS IN PETRO-CHEMICALS (WITH SOME CONCESSIONARIES) IN EXPLORATION (WITH ALGERIA), IN PRODUCT MARKETING, AND NOW IN OIL SERVICES, HAVE OVEREXTENDED LARG'S PERSONNEL RESOURCES SO THAT SOME POTENTIALLY SOUND PROSPECTS (SHELL'S ZAWIA REFINERY AND OCCIDENTAL'S METHANOL PLANT) ARE DYING ON THE VINE. IT EVIDENT THAT LARG BADLY NEEDS TO ESTABLISH PRIORITIES AND TO TAILOR ITS MANIFOLD NEGOTIATIONS IN THE OIL SECTOR IF SOME SEMBLANCE OF ORDER TO BE ACHIEVED.

3P-4.
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